

WHISPERING PINES / CLINTON BAND

SUMMARY FINANCIAL STATEMENTS

March 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of WHISPERING PINES / CLINTON BAND have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

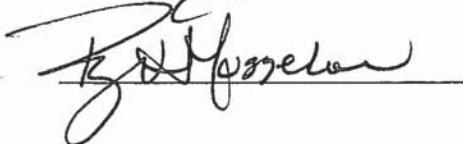
The integrity and reliability of WHISPERING PINES / CLINTON BAND's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Daley & Company CPA LLP in accordance with Canadian generally accepted auditing standards.



Chief



Councillor



DALEY & COMPANY LLP

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INDEPENDENT AUDITORS' REPORT

EXHIBIT A1

To the Members, WHISPERING PINES / CLINTON BAND

Report on the Financial Statements

We have audited the accompanying summary financial statements of WHISPERING PINES / CLINTON BAND, which comprise the summary statement of financial position as at March 31, 2017, and the summary statement of accumulated surplus, summary statement of operations, summary statement of changes in net debt and summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

WHISPERING PINES / CLINTON BAND entered into a word of mouth contract to perform logging and hauling services with respect to the Peltiq't Energy Group Ltd.'s timber license. We were unable to determine whether all invoicing with respect to this contract was complete due to information missing from the Administration Office. As of the date of our audit report, management was still in the process of reconciling completed invoices and obtaining confirmation of billed amounts from the primary contractor. Accordingly, we were unable to obtain sufficient appropriate audit evidence relating to the logging revenue which may or may not result in a material misstatement in grants and accounts receivable reported in the Summary statement of financial position or revenue from business enterprises reported in the summary statement of operations.

As well, WHISPERING PINES / CLINTON BAND holds investments in Peltiq't Energy Group Ltd., Whispering Pines/A&T Limited Liability Partnership and Whispering Pines/Marwest Limited Liability Partnership. We were unable to satisfy ourselves as to the carrying value of these investments because the financial records were unavailable or not audited as of the date of this audit report. Accordingly, we were not able to determine whether any adjustment(s) might be necessary to the Investment in Government Business Enterprises and Government Business Partnerships, the net income (loss) from these investments and the equity in Government Business Enterprises.

In addition, Canadian public sector accounting standards require budget figures be reported in the statement of operations and accumulated surplus and change in net debt. No budget figures were available.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of WHISPERING PINES / CLINTON BAND as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, and schedules 1 to 34 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the summary financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Emphasis of Matter

We draw attention to Note A20 to the summary financial statements which describes a significant investment made by the Band subsequent to the fiscal year-end. Our opinion is not qualified in respect of this matter.

Daley & Company LLP
Chartered Professional Accountants

Kamloops, BC
November 16, 2017

Disclaimer of Liability



These summary financial statements were examined and this Audit Opinion issued solely for the use of WHISPERING PINES / CLINTON BAND. Daley & Company CPA LLP makes no representations of any kind to any other person in respect of these summary financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of Daley & Company CPA LLP.

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2017

FINANCIAL ASSETS	2017	2016
Cash	\$ 3,585,523	\$ 78,699
Grants and accounts receivable (Note A3)	439,970	380,376
CMHC subsidy accrual	1,001	1,001
Restricted Cash (Note A4)	129,940	127,244
Whispering Pines Lending Circle (Note A5)	2,335	2,435
Promissory notes receivable (Note A6)	48,265	56,065
Investments (Note A7)	<u>60,000</u>	<u>60,001</u>
	<u>4,267,034</u>	<u>705,821</u>
LIABILITIES		
Accounts payable and accruals (Note A9)	1,021,632	744,378
Accrued interest payable	109	109
Security deposits	400	400
Promissory note payable (Note A10)	-	45,000
Demand loans (Note A11)	-	1,816,157
Mortgage payable (Note A12)	<u>106,901</u>	<u>119,494</u>
	<u>1,129,042</u>	<u>2,725,538</u>
NET ASSETS (DEBT)	<u>3,137,992</u>	<u>(2,019,717)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note A13)	3,287,277	6,296,526
Prepaid expenses	<u>33,300</u>	<u>54,808</u>
	<u>3,320,577</u>	<u>6,351,334</u>
ACCUMULATED SURPLUS (Note A14)	<u>\$ 6,458,569</u>	<u>\$ 4,331,617</u>

COMMITMENTS AND CONTINGENCIES (Note A15)

APPROVED BY THE BAND:

 Chief
 Councillor

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2017

	2017	2016
ACCUMULATED SURPLUS, beginning of year	\$ 4,331,617	\$ 4,612,377
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>2,126,952</u>	<u>(280,760)</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 6,458,569</u>	<u>\$ 4,331,617</u>

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2017

	2017	2016
REVENUE:		
Indigenous and Northern Affairs Canada	\$ 496,179	\$ 544,776
Leases and rentals	124,716	115,490
CMHC	12,015	12,376
Consulting and contract	5,156,066	287,691
Natural Resources	440,953	4,080,059
Q'wemtsi'n Health Society	98,107	96,060
Department of Justice	66,541	151,380
Archaeology	170,294	65,485
Miscellaneous	165,661	159,197
	<u>6,730,532</u>	<u>5,512,514</u>
EXPENSES:		
Band Revenue	27,662	190,510
Administration	948,747	567,363
Social Development	168,782	208,677
Education	292,634	346,122
Community Facilities	159,672	417,968
Capital Works	21,060	21,586
Natural Resources	2,390,043	3,736,880
Enterprises	531,401	210,607
Housing	63,579	90,961
Other	-	2,600
	<u>4,603,580</u>	<u>5,793,274</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 2,126,952</u>	<u>\$ (280,760)</u>

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
Year ended March 31, 2017

	2017	2016
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 2,126,952	\$ (280,760)
Acquisition of tangible capital assets	(11,324)	(941,582)
Amortization of tangible capital assets	112,067	369,808
Loss on disposal of tangible capital assets	1,203,612	-
Proceeds on disposal of tangible capital assets	1,704,894	-
Change in prepaid expenses	<u>21,508</u>	<u>(18,708)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	5,157,709	(871,242)
NET DEBT, beginning of year	<u>(2,019,717)</u>	<u>(1,148,475)</u>
NET FINANCIAL ASSETS (DEBT), end of year	<u>\$ 3,137,992</u>	<u>\$ (2,019,717)</u>

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenue over expenses	\$ 2,126,952	\$ (280,760)
Non-operating items:		
Amortization	112,067	369,808
Net book value of assets disposed of during the year	2,908,506	-
(Increase) decrease in:		
Grants and accounts receivable	(59,594)	290,848
Promissory notes receivable	7,800	5,935
Prepaid expenses	21,508	(18,708)
Increase (decrease) in:		
Accounts payable and accruals	277,255	519,691
Accrued interest payable	-	(4,180)
Cash flows from operations	<u>5,394,494</u>	<u>882,634</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings	2,411,009	829,250
New promissory note	-	45,000
Repayment of promissory note	(45,000)	-
Repayment of debt	(4,239,759)	(835,198)
Cash flows from (used in) financing	<u>(1,873,750)</u>	<u>39,052</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Withdrawal from replacement reserve	42	21,940
Withdrawal from operating reserve	-	29,546
Income from Ottawa Trust Funds	(2,738)	(2,871)
Whispering Pines Lending Circle	100	2,607
Cash flows from (used in) investing	<u>(2,596)</u>	<u>51,222</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	(11,324)	(941,582)
Cash flows used in capital	<u>(11,324)</u>	<u>(941,582)</u>
INCREASE IN CASH RESOURCES	3,506,824	31,326
CASH RESOURCES, beginning of year	<u>78,699</u>	<u>47,373</u>
CASH RESOURCES, end of year	<u>\$ 3,585,523</u>	<u>\$ 78,699</u>

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These summary financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a) Fund Accounting:

The Whispering Pines / Clinton Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Whispering Pines / Clinton Band maintains the following funds:

- The Band Operating Fund which reports the general activities of the First Nation Administration.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Capital Fund which reports the property and equipment of the First Nation, together with their related financing.
- The Social Housing Operation - Phase 4 Fund which reports the social housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

The Whispering Pines / Clinton Band reporting entity includes the Whispering Pines / Clinton Band government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Whispering Pines / Clinton Band Operating Fund
- Whispering Pines / Clinton Band Trust Fund
- Whispering Pines / Clinton Band Capital Fund
- Whispering Pines / Clinton Band Social Housing Operation - Phase 4 Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by the Whispering Pines / Clinton Indian Band and which are not dependent on the First Nation for its continuing operation, are included in the summary financial statements using the modified equity method. This includes:

- Pelltiq't Development Corporation

Investments in non-controlled entities and not subject to significant influence are recorded at cost. Notes that provide additional information regarding the entities are disclosed with each entity and form an integral part of these financial statements.

c) Accrual Method:

The accrual method is used in accounting for all funds except property taxation, which is on a calendar-year basis.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Non-financial Assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Changes in Net Financial Assets for the year.

1) Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Major Asset Category

Roads	5 to 75 years
Parking lot	20 to 75 years
Water Systems	20 to 80 years
Buildings	20 to 50 years
Vehicles	10 years
Equipment	5 to 15 years

Assets under construction are not amortized until the asset is available for productive use.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

2) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

e) Investments:

Investments are recorded at the lower of cost and net realizable value.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

f) Revenue Recognition:

The Whispering Pines / Clinton Band derives revenues from a number of sources.

Amounts received from Indigenous and Northern Affairs Canada (INAC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to INAC and any deficits incurred are refundable by INAC. Amounts specified as fixed contributions are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Grants received from INAC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

Amounts received from other government departments, both federal and provincial, are reported as revenue in accordance with the terms of the contract or agreement.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, etc. are reported when received or receivable and collection is reasonably assured.

g) Replacement Reserve:

The Replacement Reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus.

h) Operating Reserve:

The Operating Reserve account is funded by an allocation of the excess or shortfall of annual revenue over current eligible expenditures.

i) Use of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

NOTE A2. FINANCIAL INSTRUMENTS:

Fair Value of Financial Assets and Financial Liabilities:

The carrying values of grants and accounts receivable, CMHC subsidy accrual, restricted cash, promissory notes receivable, bank indebtedness and accounts payable, accruals and demand loans approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The carrying value of mortgage payable approximates its fair value as the terms and conditions of the borrowing arrangement is comparable to current market terms and conditions for similar items.

It is not practicable to determine the fair value of investments due to the limited amount of comparable market information available.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A2. FINANCIAL INSTRUMENTS (continued):

Credit Risk:

The Band is exposed to a credit risk by its funding agencies and suppliers. However, because the majority of revenues is from government agencies and there is a large number of different suppliers, credit risk concentration is reduced to the minimum.

Interest Risk:

Mortgage payable has a fixed rate of interest. Therefore interest rate risk is reduced to the minimum.

NOTE A3. GRANTS AND ACCOUNTS RECEIVABLE:

2017

2016

Band Operations:

Indigenous and Northern Affairs Canada

\$ 140,991 **\$ 89,404**

Other receivables

680,714 **578,462**

821,705 **667,866**

Less: allowance for doubtful accounts

(383,162) **(288,490)**

438,543 **379,376**

Social Housing Operations:

Social Housing rents receivable

1,427 **1,000**

\$ 439,970 **\$ 380,376**

NOTE A4. RESTRICTED CASH:

2017

2016

Replacement Reserve (CMHC)

\$ 2,221 **\$ 2,263**

Operating Reserve (CMHC)

279 **279**

Ottawa Trust Funds

127,440 **124,702**

\$ 129,940 **\$ 127,244**

a) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve accounts are to be credited in the amount of \$3,000 annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

2017

2016

Balance, beginning of year

\$ 21,319 **\$ 19,263**

Allocation for the year

3,000 **3,000**

Replacement expenditures

- **(944)**

Balance, end of year

\$ 24,319 **\$ 21,319**

The Replacement Reserve is represented by:

Cash - Social Housing Operation - Phase 4

\$ 2,221 **\$ 2,263**

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A4. RESTRICTED CASH (continued):

b) Operating Reserve:

Under the terms of the agreement with CMHC, the Operating Reserve account is to be credited in the amount of accumulated surplus. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

	2017	2016
Balance, beginning of year	\$ 32,664	\$ 9,460
Current year surplus (deficit)	3,150	(549)
Transfer from surplus, 2015 CMHC adjustment	-	23,753
	<u>\$ 35,814</u>	<u>\$ 32,664</u>
Balance, end of year	<u>\$ 35,814</u>	<u>\$ 32,664</u>
The Operating Reserve is represented by:		
Cash	<u>\$ 279</u>	<u>\$ 279</u>

c) Ottawa Trust Funds:

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

NOTE A5. WHISPERING PINES LENDING CIRCLE:

Whispering Pines Lending Circle consists of the following:

	2017	2016
Cash	\$ 42	\$ 42
Loans receivable	15,141	18,291
Loans receivable allowances	<u>(12,848)</u>	<u>(15,898)</u>
	<u>\$ 2,335</u>	<u>\$ 2,435</u>

Loans receivable consist of loans to Band members, no set terms of repayment.

NOTE A6. PROMISSORY NOTES RECEIVABLE:

Amounts due from the following members:

Edward LeBourdais

 Loan advanced April 2014, repayable in bi-weekly instalments of \$500.

	2017	2016
	\$ 35,000	\$ 42,500

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A6. PROMISSORY NOTES RECEIVABLE (continued):	2017	2016
Michael LeBourdais		
Loan advanced June 2015, no set terms of repayment	3,665	3,665
Loan advanced May 2014, repayable in bi-weekly instalments of \$50	3,800	3,800
Loan advanced June 2014, repayable in bi-weekly instalments of \$50	3,300	3,300
Loan advanced June 2014, repayable in bi-weekly instalments of \$50	2,500	2,800
	<u>\$ 48,265</u>	<u>\$ 56,065</u>

NOTE A7. INVESTMENTS:	2017	2016
All Nations Trust Company:		
Class A common shares, par value \$1	<u>\$ 60,000</u>	<u>\$ 60,000</u>
Pelltiq't Development Corporation (100%):		
Preferred share, no par value	1	1
Less allowances	<u>(1)</u>	<u>(1)</u>
	<u>-</u>	<u>-</u>
Secwepemc Economic Development Corporation (10%):		
Company dissolved during the year	<u>-</u>	<u>1</u>
	<u>\$ 60,000</u>	<u>\$ 60,001</u>

Financial information of Pelltiq't Development Corporation is as follows:

Assets	\$ 1	\$ 1
Liabilities	<u>1</u>	<u>1</u>
Equity	<u>\$ -</u>	<u>\$ -</u>
Revenues	\$ -	\$ -
Expenses	<u>-</u>	<u>-</u>
Net income	<u>\$ -</u>	<u>\$ -</u>

Whispering Pines/A&T Limited Liability Partnership:

The Partnership was established by execution of the LLP agreement by the partners on October 21, 2015 for the purpose of providing construction and project management services to targeted companies in the oil and gas business carrying on business within the Territorial Lands. The Band has a 51% participating interest and A&T Project Developments Inc. has a 49% interest in the LLP. The Partners agreed to an initial capital contribution of \$10 each. No financial records for the partnership were available at the time of the audit.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A7. INVESTMENTS (continued):

Whispering Pines/Marwest Limited Liability Partnership:

The Partnership was established by execution of the LLP agreement by the partners on October 21, 2015 for the purpose of providing certain services to customers carrying on business within the Territorial Lands. The Band has a 51% participating interest and Marwest Utility Services Ltd. has a 49% interest in the LLP. The Partners agreed to an initial capital contribution of \$5,000 each. No financial records for the partnership were available at the time of the audit.

NOTE A8. BANK INDEBTEDNESS:

Under a line of credit arrangement with Bank of Montreal, the Band may borrow up to \$100,000 on such terms as the Band and the bank mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2017, the unused portion of the credit line was \$100,000.

NOTE A9. ACCOUNTS PAYABLE AND ACCRUALS:

	2017	2016
Trade payables and accruals	\$ 721,632	\$ 744,378
Payable to CP holders of properties through which the Trans Mountain Pipeline passes	<u>300,000</u>	<u>-</u>
	<u><u>\$ 1,021,632</u></u>	<u><u>\$ 744,378</u></u>

NOTE A10. PROMISSORY NOTE PAYABLE:

	2017	2016
Kevin Ainsworth, promissory note, repaid during the year	<u><u>\$ -</u></u>	<u><u>\$ 45,000</u></u>

NOTE A11. DEMAND LOANS:

Capital Fund:

	2017	2016
Bank of Montreal, demand loan, repaid during the year	\$ -	\$ 85,900
Bank of Montreal, demand loan, repaid during the year	-	58,957
Bank of Montreal, demand loan, repaid during the year	-	64,943
Canadian Western Bank loan, repaid during the year	-	146,777
Brandt Finance loan, repaid during the year	-	482,548
Brandt Finance loan, repaid during the year	-	43,997
Brandt Finance loan, repaid during the year	-	257,902
Brandt Finance loan, repaid during the year	-	189,122
Brandt Finance loan, repaid during the year	-	121,029
GE Canada loan, repaid during the year	-	222,379
GE Canada loan, repaid during the year	<u>-</u>	<u>142,603</u>
	<u><u>\$ -</u></u>	<u><u>\$ 1,816,157</u></u>

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A12. MORTGAGE PAYABLE: **2017** **2016**

Canada Mortgage and Housing Corporation, mortgage, repayable in monthly installments of \$1,151 including interest at 1.08% per annum, secured by 3 residential buildings with a carrying value of \$200,494, due August 2020

	<u>\$ 106,901</u>	<u>\$ 119,494</u>
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The CMHC mortgage is guaranteed by Indigenous and Northern Affairs Canada.

Principal repayments due in the ensuing 5 years is approximately as follows:

2018	\$	12,720
2019		12,859
2020		12,998
2021		68,324
		<u>106,901</u>
	\$	<u>106,901</u>

NOTE A13. TANGIBLE CAPITAL ASSETS: **2017** **2016**

Tangible capital assets consist of the following:

Band Operations:

Buildings	\$	169,642	\$	187,016
Vehicles		39,732		557,241
Computers		5,894		7,219
Equipment and furniture		43,254		64,904
Heavy equipment		16,830		2,396,173
Water systems		2,039,150		2,078,614
Dyke		397,813		413,113
Roads		357,111		367,793
		<u>3,069,426</u>		<u>6,072,073</u>

Social Housing:

Building		<u>217,851</u>		<u>224,453</u>
	\$	<u>3,287,277</u>	\$	<u>6,296,526</u>

For additional information, see the Summary Schedule of Tangible Capital Assets (Appendix 1).

NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A14. ACCUMULATED SURPLUS:	2017	2016
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus (deficit) from operations	<u>\$ 3,090,617</u>	<u>\$ (207,946)</u>
Invested in tangible capital assets	<u>3,180,379</u>	<u>4,360,878</u>
Funded reserves:		
Ottawa trust funds (Note A4)	127,440	124,702
Operating reserve (CMHC) (Note A4)	35,814	32,664
Replacement reserve (CMHC) (Note A4)	24,319	21,319
	<u>187,573</u>	<u>178,685</u>
	<u>\$ 6,458,569</u>	<u>\$ 4,331,617</u>

NOTE A15. COMMITMENTS AND CONTINGENCIES:

Lease Commitments:

The Band leases a photocopier under a long-term lease which expires May 2017.

Future minimum lease payments as at March 31, 2017, are as follows:

2018	\$ 1,060
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Other:

Under the terms of the Kinder Morgan Mutual Benefits agreement, the Band received \$440,000 and is committed to erect fencing along the portion of the Reserve that is on the Trans Mountain Pipeline right of way. The cost to erect the fencing is not known and as such no amount has been accrued.

Under the terms of the Kinder Morgan Mutual Benefits agreement, the Band received \$300,000 for the benefit of the CP Holders of the properties through which the Trans Mountain Pipeline passes and the Band is committed to distribute these funds to the CP Holders. This has been accrued in accounts payable and is separately disclosed in the notes to summary financial statements.

Contingencies:

- a) The Band receives a portion of its funding under a contribution authority with Indigenous and Northern Affairs Canada which, if unexpended, may be refundable to Indigenous and Northern Affairs Canada. Further, amounts which are overexpended may be reimbursed by Indigenous and Northern Affairs Canada to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.
- b) The Band is guarantor of various Social Housing mortgages, secured by Ministerial guarantees, totaling \$106,901

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A16. SEGMENTED INFORMATION:

The Whispering Pines / Clinton Band is a First Nations government institution that provides a range of programs and services to its members, including band revenue, administration, social development, education, community development, capital works and natural resources. For management reporting purposes the First Nations operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Band Revenue

The Band Revenue department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation.

Administration

Administration supports the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Social Development

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

Education

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs. It also provides services for students at the elementary/secondary and post secondary level, including instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Community Facilities

Community facilities supports the construction, operation and basic maintenance of community facilities and services such as water and sewage, roads, electrification, schools and fire protection. It is also responsible for ensuring that the facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

Capital Works

Capital works manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nations infrastructure.

Natural Resources

Natural Resources department is responsible for the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, as well as research and advocacy. It also manages economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A16. SEGMENTED INFORMATION (continued):

Enterprises

Enterprises department is responsible for the administration and management of economic and business development.

Housing

Housing is responsible for the administration and management of Social Housing units, Band-owned housing units and renovation projects for private homeowners.

The accounting policies used in these segments are consistent with those followed in the preparation of the summary financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NOTE A17. CASH FLOW INFORMATION:

During the year \$296,828 (2016 - \$158,660) of interest and bank charges were paid.

NOTE A18. ECONOMIC DEPENDENCE:

The Band receives a major portion of its revenues pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

NOTE A19. RELATED PARTY TRANSACTIONS:

The Band paid \$25,000 (2016 - \$Nil) during the year to each Steve Tresierra, Chief of the Band and Debbie Van de Mosselaer, Councillor of the Band as compensation for Portfolio Management.

The Band paid \$59,566 (2016 - \$Nil) for the period of January 1, 2017 to March 31, 2017 for executive advisory services to VdM Consulting Group, a business owned by the spouse of Debbie Van de Mosselaer, Councillor of the Band.

The Band paid \$Nil (2016 - \$8,400) during the year for rodeo stock and elders meat to S&E Bucking Bulls, a business owned in part by Edward LeBourdais, Councillor of the Band.

NOTE A20. SUBSEQUENT EVENTS:

Subsequent to the fiscal year-end, the Band invested \$2,000,000 in a company owned by a member of the immediate family of Debbie Van de Mosselaer, Councillor of the Band. The Band owns 96 Class C non-voting, participating shares. By way of a shareholder agreement the Band will participate in 49% of the after tax profits of the Company.

Subsequent to the fiscal year-end the Band purchased a building for \$125,000 which is located in Clinton, BC.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2017

NOTE A21. COMPARATIVE FIGURES:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

WHISPERING PINES / CLINTON BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2017

	Social Housing	Buildings	Vehicles	Computers	Equipment and furniture	Heavy Equipment	Water Systems	Dyke	Roads	2017	2016
Cost											
Balance, beginning of year	\$ 330,078	\$ 848,668	\$ 744,358	\$ 58,837	\$ 224,728	\$ 2,820,574	\$ 2,285,725	\$ 612,016	\$ 601,552	\$ 8,526,536	\$ 7,584,954
Add: Additions during the year	-	-	-	1,894	9,430	-	-	-	-	11,324	941,562
Less: Disposals during the year	-	-	703,108	-	42,500	2,733,030	-	-	-	3,478,638	-
Balance, end of year	330,078	848,668	41,250	60,731	191,658	87,544	2,285,725	612,016	601,552	5,059,222	8,526,536
Accumulated amortization											
Balance, beginning of year	105,625	661,652	187,117	51,618	159,824	424,401	207,111	198,903	233,759	2,230,010	1,860,202
Add: Amortization	6,602	17,374	3,760	3,219	9,830	5,836	39,464	15,300	10,682	112,067	369,808
Less: Disposals during the year	-	-	189,359	-	21,250	359,523	-	-	-	570,132	-
Balance, end of year	112,227	679,026	1,518	54,837	148,404	70,714	246,575	214,203	244,441	1,771,945	2,230,010
Net Book Value of Tangible Capital Assets	\$ 217,851	\$ 169,642	\$ 39,732	\$ 5,894	\$ 43,254	\$ 16,830	\$ 2,039,150	\$ 397,813	\$ 357,111	\$ 3,287,277	\$ 6,296,526

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2016

	Band Revenue	Admin- istration	Social Deve- lopment	Education	Community Facilities	Capital Works	Natural Resources	Enterprises	Housing	Other	Total 2016
REVENUE:											
Indigenous and Northern Affairs Canada	\$ 72,270	\$ 102,143	\$ 91,301	\$ 195,227	\$ 54,184	\$ 41,921	\$ -	\$ 60,000	\$ -	\$ -	\$ 544,776
Leases and rentals	-	-	-	-	-	-	-	-	43,220	-	115,490
CMHC	-	-	-	-	-	-	-	-	12,376	-	12,376
Consulting and contract	10,000	152,000	-	24,791	-	-	-	100,900	-	-	287,691
Business Enterprises	-	-	-	-	-	-	4,080,059	-	-	-	4,080,059
Q'wemts'n Health Society	-	-	96,060	-	-	-	-	-	-	-	96,060
Department of Justice	-	-	-	151,380	-	-	-	-	-	-	151,380
Archaeology	-	-	-	-	-	-	65,485	-	-	-	65,485
Miscellaneous	49,589	7,163	19,758	22,163	-	-	-	57,653	-	2,871	159,197
	<u>131,859</u>	<u>261,306</u>	<u>207,119</u>	<u>393,561</u>	<u>54,184</u>	<u>41,921</u>	<u>4,145,544</u>	<u>218,553</u>	<u>55,596</u>	<u>2,871</u>	<u>5,512,514</u>
EXPENSES:											
Administration fees (recovered)	-	(20,776)	9,606	15,966	-	-	-	8,222	1,800	-	14,818
Amortization	-	2,861	-	386	359,959	-	-	-	6,602	-	369,808
Assistance	-	-	65,863	-	-	-	-	-	-	-	65,863
Bad debts	9,500	625	921	-	-	-	53,438	2,600	53,443	2,600	123,127
Community infrastructure	21,720	-	-	-	53,236	-	-	-	-	-	74,956
Contract services	-	13,000	920	1,919	-	17,792	328,992	11,255	-	-	373,878
Fees and tuition	-	-	-	194,594	-	-	-	77,238	-	-	271,832
Honorarium	-	100,403	-	-	-	-	-	51,359	-	-	151,762
Insurance	11,853	6,619	764	-	-	-	103,758	1,085	7,276	-	131,355
Interest and bank charges	-	16,891	-	-	-	-	141,729	-	2,025	-	160,645
Logging expenses	-	-	-	-	-	-	-	-	-	-	-
Materials and supplies	1,182	5,325	5,682	4,000	-	-	25,117	1,255	-	-	42,561
Office and other	86,211	18,145	1,154	38,717	-	-	36,116	26,949	-	-	207,292
Professional fees	-	243,177	-	144	-	3,794	-	100	1,200	-	248,415
Repairs and maintenance	13,503	2,244	990	-	3,573	-	763,744	(163)	18,615	-	802,506
Training	-	-	2,680	19,163	1,200	-	10,739	27,923	-	-	61,705
Travel	11,025	52,598	7,445	5,055	-	-	742,412	2,080	-	-	820,615
Wages and benefits	35,516	126,251	112,652	66,178	-	-	1,530,835	704	-	-	1,872,136
	<u>190,510</u>	<u>567,363</u>	<u>208,677</u>	<u>346,122</u>	<u>417,968</u>	<u>21,586</u>	<u>3,736,980</u>	<u>210,607</u>	<u>90,961</u>	<u>2,600</u>	<u>5,793,274</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ (58,651)</u>	<u>\$ (306,057)</u>	<u>\$ (1,558)</u>	<u>\$ 47,439</u>	<u>\$ (363,784)</u>	<u>\$ 20,335</u>	<u>\$ 408,664</u>	<u>\$ 7,946</u>	<u>\$ (35,365)</u>	<u>\$ 271</u>	<u>\$ (280,760)</u>

See accompanying notes to financial statements.